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TONTON HILLS UTILITY COMPANY
SCHEDULE OF RATES AND CHARGES

ORIGINAL

The following rates and charges referenced in Docket No. W-02483A-04-0242 were approved by the Arizona Corporation Commission in Decision No. 67513, with rates herein effective February 1, 2005.

MONTHLY USAGE CHARGES

| | | |
|-------------------|----|----------|
| 5/8" x 3/4" Meter | \$ | 40.00 |
| 3/4" Meter | | 40.00 |
| 1" Meter | | 100.00 |
| 1-1/2" Meter | | 200.00 |
| 2" Meter | | 320.00 |
| 3" Meter | | 640.00 |
| 4" Meter | | 1,000.00 |
| 6" Meter | | 2,000.00 |

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**COMMODITY RATES PER 1,000 GALLONS
(Zero Gallons Included in Monthly Minimum)**

| | | |
|---------------------------------|----|-------|
| 1st Tier - 0-4,000 Gallons | \$ | 6.80 |
| 2nd Tier - 4,001-13,000 Gallons | | 10.20 |
| 3rd Tier - over 13,000 Gallons | | 12.30 |

**SERVICE LINE AND METER INSTALLATION CHARGES
(Refundable pursuant to A.A.C. R14-2-405)**

| | | |
|-------------------|----|----------|
| 5/8" x 3/4" Meter | \$ | 800.00 |
| 3/4" Meter | | 800.00 |
| 1" Meter | | 900.00 |
| 1-1/2" Meter | | 1,100.00 |
| 2" Meter | | 1,500.00 |
| 3" Meter | | 2,245.00 |
| 4" Meter | | 3,200.00 |
| 6" Meter | | 5,875.00 |

SERVICE CHARGES

| | | |
|--|----|-------|
| Establishment | \$ | 15.00 |
| Establishment (After Hours) | | 25.00 |
| Reconnection (Delinquent) | | 25.00 |
| Reconnection (Delinquent & After Hours) | | 25.00 |
| Late Fee | | 1.50% |
| Deposit | | * |
| Deposit Interest | | * |
| Re-Establishment (within 12 months) | | ** |
| Deferred Payment | | 1.50% |
| NSF Check | \$ | 25.00 |
| Meter Re-read (If Correct) | \$ | 15.00 |
| Meter Test (If Correct) | | *** |
| Monthly Service Charge for Fire Sprinklers | | **** |

* Per Commission Rule AAC R-14-2-403(B).

** Number of months off system times the monthly minimum per Commission rule AAC R14-2-403(D).

*** \$35.00 plus cost of the bench test.

**** 1.00% of monthly minimum for a comparably sized meter connection, but no less than \$5.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

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AZ Corporation Commission
Director Of Utilities

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DECISION #: 67513

UTILITY: Tonto Hills Utility Company
DOCKET NO. W-02483A-04-0242
DECISION NO. 67513
EFFECTIVE DATE: February 1, 2005

ORIGINAL

**OFF-SITE WATER FACILITIES HOOK-UP FEE TARIFF
FOR
TONTA HILLS UTILITY COMPANY**

I. Purpose and Applicability

The purpose of the hook-up fees payable to Tonto Hills Utility Company ("the Company") pursuant to this tariff is to equitably apportion the costs of purchasing water treatment and transport capacity from the City of Scottsdale that will be required to serve new customers.

These charges are applicable to all new service connection established after the effective date of this tariff. The charges are one-time charges and are payable as a condition to the Company's establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporations Commission's rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

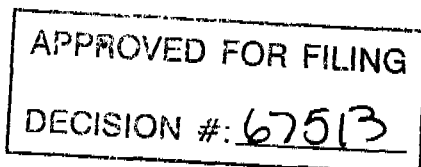
"Applicant" means any party entering into an agreement with Company for the installation of water facilities to serve new service connections.

"Company" means Tonto Hills Utility Company, and Arizona Corporation.

"Main Extension Agreement" means any agreement whereby an Applicant agrees to advance the costs of the installation of water facilities to the Company to serve new service connections, or install water facilities to serve new service connections and transfer ownership of such water facilities to the Company, which agreement shall require the approval of the Arizona Corporation Commission (same as line extension agreement).

"Off-Site Facilities" means treatment and transport capacity purchased from the City of Scottsdale to treat and transport the Central Arizona Project ("CAP") allocation owned by the Company, which facilities will benefit the entire water system.

"Service Connection" means and includes all service connections for single-family residential, commercial, industrial, or other uses, regardless of meter size.



III. Off-Site Hook-Up Charges

Each new service connection shall pay the total off-site facilities hookup fee, derived from the following table:

| OFF-SITE FACILITIES HOOKUP FEE TABLE | | |
|--------------------------------------|--------------------|-----------|
| Meter Size | NARUC Meter Factor | Total Fee |
| 5/8" x 3/4" | 1 | \$ 3,000 |
| 3/4" | 1.5 | \$ 4,500 |
| 1" | 2.5 | \$ 7,500 |
| 1 1/2" | 5 | \$ 15,000 |
| 2" | 8 | \$ 24,000 |
| 3" | 17.5 | \$ 52,500 |
| 4" | 30 | \$ 90,000 |
| 6" | 62 | \$186,000 |

IV. Terms and Conditions

- A. Assessment of One Time Hook-Up Charge: The hook-up fee may be assessed only once per service connection, or lot within a platted subdivision (similar to meter and service line installation charges). However, this provision does not exempt from the hook-up fee, and newly created parcel(s) which are the result of further subdivision of a lot or land parcel and which do not have a service connection.
- B. Use of Off-Site Hook-Up Fee: Hook-Up fees may only be used to pay for the capital items of off-site facilities, or for repayment of loans obtained for installation of off-site facilities. Off site hook-up fees shall not be used for repairs, maintenance, plant replacements, or operational purposes.
- C. Time of Payment:
- 1) In the event that the Applicant is required to enter into a main extension agreement, whereby the Applicant agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements in order to extend service in accordance with R-14-2-406 (B), payment of the charges required hereunder shall be made by the Applicant within 15 calendar days after receipt of notification from the Company that the Utilities Division of the Arizona Corporation Commission has approved the main extension agreement in accordance with R14-2-406 (M).

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- 2) In the event that the Applicant is not required to enter into a main extension agreement, the charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.
- D. Failure to Pay Charges; Delinquent Payments: Under no circumstances will the Company set a meter or otherwise allow service to be established if the Applicant has not paid in full all charges as provided by this off-site hook-up fee tariff.
- E. Off-Site Hook-Up Fee Non-refundable: The amounts collected by the Company pursuant to the off-site hook-up fee shall be non-refundable contributions in aid of construction.
- F. Use of Charges Received: All funds collected by the Company as off-site hook-up fees, shall be deposited into a separate interest bearing trust account and used solely for the purposes of paying for the costs of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system.
- G. All funds collected by the Company as Off-site facilities Hook-up Fees shall be deposited into a separate interest bearing trust account and used solely for the purposes of paying for the costs of off-site facilities, including repayment of loans obtained for the installation of off-site facilities.
- H. Off-Site Hook-Up Fees In Addition to Other Charges: The off-site hook-up fees shall be in addition to any costs associated with a main extension agreement for on-site facilities, and are in addition to the amounts to be advanced pursuant to charges authorized under other sections of this tariff.
- I. Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected by order of the Arizona Corporation Commission (Commission); any funds remaining in the trust shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

Effective Date: February 1, 2005

Approved for Filing in Compliance with
Decision No. 67513

